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FISCAL IMPACT REPORT

ORIGINAL DATE 1-27-06

SPONSOR Lopez LAST UPDATED _____ HB _____

SHORT TITLE Increase Child Care Program Eligibility SB 159

ANALYST Lucero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$18,100.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HB363, Relates to SB 141 and HB 013 and HB206, HB19 and SB161

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Children, Youth and Families Department (CYFD)

SUMMARY

Synopsis of Bill

Senate Bill 159 appropriates \$18,100.0 from the general fund to Children, Youth and Families Department for the purpose of increase childcare assistance, providing a greater reimbursement rate for providers, and increasing quality.

The bill appropriates eighteen million one hundred thousand dollars (\$18,100.0) to CYFD for the following expenditures:

- 1) \$10,000.0 for childcare programs to two hundred percent of the federal poverty level.
- 2) \$4,000.0 to increase the reimbursement rate for licensed childcare providers.
- 3) \$2,000.0 for aim high programs increasing the quality of early childcare programs.
- 4) \$1,000.0 for scholarships to help early childhood teachers learn more about child development and early learning while earning college degrees.
- 5) \$1,000.0 for wage supplements for early childhood teachers, based on the educational level that those teachers achieve.
- 6) \$100.0 to improve accreditation for childcare providers.

FISCAL IMPLICATIONS

This appropriation is not part of the CYFD request. The Executive recommendation includes \$2,438.0 to raise the childcare program eligibility to 160% of the federal poverty level. Items 2-6 are not part of the Executive recommendation. Unexpended and unencumbered funds at the end of FY07 shall revert to the general fund.

SIGNIFICANT ISSUES

The appropriation is in addition to the general fund amount in CYFD's budget request.

The appropriation enables CYFD to raise the childcare assistance program eligibility to 200% of the Federal Poverty Level. Current eligibility standards for child care assistance require families to be at or below 150% of the FPL. However, families that were receiving assistance when eligibility was 200% of the FPL are being "grand-fathered" into the program. CYFD estimates the grand-fathering to be 1,700 slots at an estimated cost in excess of \$5,000.0.

CYFD, in 2006, is expected to overspend the current childcare budget by an estimated 4 million. CYFD will use carryover of federal childcare funds to resolve the shortfall. This shortfall is in part attributable to the "grandfathering" of 1,700 slots at FPL levels in excess of the 150%.

PERFORMANCE IMPLICATIONS

It is unclear what the performance objective is of raising the FPL to 200%. The bill does not address an increased level of employment, job retention, educational attainment, etc associated with the additional slots for the parents.

A significant barrier to entering the workforce is childcare. The Office of Workforce Training and Development is charged with placing displaced workers back in the workforce. Among the difficulties encountered entering the workforce is childcare. As a new entrant to the workforce increases earnings, loss of their childcare benefit becomes an issue.

The proposed increase in funding for childcare assistance would allow CYFD to serve approximately 3,200 additional children per month.

ADMINISTRATIVE IMPLICATIONS

CYFD will absorb any additional administrative costs.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB 159 is related to both SB 141 and HB 013, each of which propose one million dollars (\$1,000,000) to provide supplemental wage support and benefits to child care workers.

OTHER SUBSTANTIVE ISSUES

Approximately 7% (133,454) of New Mexicans are under five years old. (HPC Quick Facts 2005)

The average annual cost of a childcare slot in New Mexico is \$3,260.00 (CYFD Childcare Road Map November 2006)

Poor Families in the State

- More than 2 in 10 children are poor in this state. (Children's Defense Fund, January 2003)
- 87,959 (13%) households in New Mexico make less than \$10,000 annually, compared to 9% nationally. (HPC Quick Facts 2005)
- 19% of New Mexicans are poor of which 25% are children under 18
- 36% are families with female head of household with no husband present (US Census 2003 Data Profiles)

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo.

DL/yr